



New York City Council

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

**Department of Housing Preservation and
Development**

March 16, 2010

Committee on Housing and Buildings

Hon. Erik Martin Dilan, Chair

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Summary and Highlights

	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference, 2010 – 2011*
Personal Services	\$153,570	\$150,889	\$151,770	\$146,486	(\$4,403)
Other than Personal Services	548,653	431,742	606,327	430,240	(1,502)
Table Total	\$702,224	\$582,631	\$758,097	\$576,727	(\$5,905)

The Department of Housing Preservation and Development's (HPD) Fiscal 2011 Preliminary expense budget is \$576.7 million which is \$5.9 million or 1 percent less than the Fiscal 2010 Adopted budget of \$582.6 million. Planned City funds spending will decrease by \$16.8 million in Fiscal 2011. Planned spending will decrease primarily in the areas of development (\$33 million), housing operations & management (\$34.7 million), and other agency services (\$14.2 million). These decreases are offset by an increase to the baseline Section 8 budget in the amount of \$97.6 million. Because the City's fiscal year and the State and Federal fiscal years do not coincide, HPD reports only baseline funding and grants that it anticipates from the other two branches of government at the beginning of each year and makes adjustments throughout the year as additional funds are received. In Fiscal 2010 over \$181 million in State and federal funding was realized post adoption. HPD's Fiscal 2011 Preliminary budget includes a \$2.4 million reduction in Fiscal 2010 City funds and \$4.4 million in Fiscal 2011. The agency will achieve these reductions through a combination of cuts to its baseline budget along with realizing revenue from a variety of sources. The following summarizes these actions:

Expense Budget Reductions

- **Article 7A Restructuring:** The agency will eliminate 8 positions by restructuring the Article 7A Program resulting in a savings of \$706,000 in Fiscal 2011.
- **Technology Staff Reductions:** The agency plans to eliminate 4 positions from its Technology & Strategic Development Division resulting in a savings of \$387,000 in Fiscal 2011.
- **Property Management Reduction:** The agency will reduce spending on the property maintenance of vacant lots by \$221,000 in Fiscal 2011 increasing to \$1.6 million by Fiscal 2014.
- **Other than Personal Services (OTPS) Reduction:** The agency will reduce spending on supplies and other administrative functions in the amount of \$200,000 in Fiscal 2011 and the out-years.

Revenue Initiatives

- **Waterside Development:** The agency will generate \$1.6 million additional tax revenue for the City in Fiscal 2011 increasing to \$7.5 million by Fiscal 2014 based on a higher assessment value for the Waterside Development located in Manhattan.
- **Starrett City Shelter Rent Payments:** The agency will generate \$751,000 in Fiscal 2011 and the out-years in additional revenue by increasing the shelter rent payments from the Starrett City development.

- **University Gardens:** The agency will generate \$433,000 in Fiscal 2011 and the out-years in additional revenue by restructuring the property tax exemption status of the University Gardens development.
- **Parking Lot Revenue:** HPD will phase-in lease increases for City-owned parking lots which will generate \$74,000 additional revenue in Fiscal 2011 increasing to \$584,000 by Fiscal 2014.

Department of Housing Preservation & Development

The Department of Housing Preservation and Development (HPD) works to maximize the production of affordable housing in New York City by encouraging cost-effective development. The Department also promotes the preservation and improvement of existing housing stock by providing loan assistance, education, and code enforcement. In conjunction with these housing objectives, the Department supports a comprehensive community development agenda by conveying City-owned properties, both occupied and vacant, to responsible private owners, while promoting retail development, homeownership initiatives, and productive community partnerships.

Key Public Services Areas

- Preservation of existing housing stock
- Development of new affordable housing to low income New Yorkers
- Enforcement of housing code regulations

Critical Objectives

- Preserve and Construct affordable housing by providing assistance and incentives
- Prevent abandonment of privately owned residential buildings
- Rehabilitate and transfer buildings to responsible owners
- Respond to heat, hot water and other tenant complaints.

SOURCE: Mayor's Management Report

Department of Housing Preservation and Development Financial Summary

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Budget by Program Area						
Administration	\$35,084	\$34,950	\$31,110	\$32,223	\$31,520	\$410
Administration Program	14,737	14,172	12,465	13,101	13,752	1,287
Development	59,713	117,654	49,270	112,771	16,178	(33,092)
Housing Operations:						
-Section 8 Programs	\$304,985	\$341,639	\$245,141	\$344,803	\$342,793	\$97,652
-Emergency Housing	16,739	16,785	18,584	18,206	17,203	(1,381)
-Management and Dispositions	55,327	51,923	85,404	89,536	50,613	(34,791)
Preservation:						
-Anti Abandonment	\$12,003	\$11,289	\$9,848	\$12,677	\$5,875	(\$3,973)
-Code Enforcement	28,802	37,112	41,476	40,827	34,822	(6,654)
-Emergency Repair	29,896	31,490	40,641	41,751	30,896	(9,745)
-Lead Paint	21,526	20,670	20,592	23,360	19,181	(1,411)
-Other Agency Services	19,178	24,534	28,096	28,844	13,895	(14,201)
TOTAL	\$597,990	\$702,218	\$582,627	\$758,098	\$576,727	(\$5,900)
Funding						
City Funds	NA	NA	\$74,644	\$76,047	\$57,806	(\$16,837)
<i>Memo: Council Funds</i>	NA	NA	7,187	16,663	\$0	(7,187)
Other Categorical	NA	NA	34,744	54,612	2,310	(32,434)
State	NA	NA	1,968	1,968	1,968	0

Department of Housing Preservation and Development Financial Summary (Cont'd)

Federal – CD	NA	NA	\$172,732	\$172,663	\$141,566	(\$31,167)
Federal – Other	NA	NA	281,008	434,946	355,499	74,491
Intra City	NA	NA	990	1,198	905	(85)
Capital-IFA	NA	NA	16,546	16,663	16,673	127
TOTAL	NA	NA	\$582,631	\$758,098	\$576,727	(\$5,909)
Positions						
Full-Time Positions	2,623	2,495	2,695	2,670	2,596	(99)

In Fiscal 2010 City Council funding provided approximately \$7.1 million or 10 percent of HPD's annual City-funds operating budget. Approximately half of this funding (\$3.69 million) is allocated to local community based organizations which are tasked with carrying out the goals of six Council initiatives which are to provide advocacy and education on issues related to housing preservation.

FY 2010 Council Funded Initiatives*Dollars in Thousands*

Anti-Predatory Lending	\$360
City-Wide Taskforce on Housing Court	500
Community Consultant Contracts	830
Housing Preservation Initiative	1,500
Center for New York City Neighborhoods	500
Anti-Eviction Legal Services	2,250
TOTAL	\$3,690

Capital Program

The January 2010 Capital Commitment Plan includes \$1.75 billion in Fiscals 2010 -2013 for the Department of Housing Preservation (including City and Non-City funds). This represents 4 percent of the City's total \$39.14 billion January Plan for Fiscals 2010-2013. The agency's January Commitment Plan for Fiscals 2010-2013 is 1 percent less than the \$1.76 billion scheduled in the September Commitment Plan, a decrease of \$11 million.

Over the past five years the Department of Housing Preservation and Development has only committed an average of 56.2 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2010 capital plan will be rolled into Fiscal 2011 thus greatly increasing the size of the Fiscal 2011-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2010 has decreased from \$801.6 million to \$779.2 million, a reduction of \$22.4 million or 3 percent.

Currently HPD's appropriations total \$1.07 billion in city-funds for Fiscal 2010. These appropriations are to be used to finance the agency's \$597 million city-funded Fiscal 2010 capital commitment program. The agency has \$480 million or over 45 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

FY 2010 Adopted Capital Commitment Plan *(includes City and non-City Funds)*

<i>Dollars in thousands</i>	2010	2011	2012	2013	2014-2019
New Construction	\$213,034	\$99,887	\$50,196	\$139,913	\$644,630
Preservation	\$144,629	\$92,029	\$75,135	\$86,284	\$676,212
Special Needs Housing	\$100,687	\$79,162	\$70,452	\$71,182	\$389,902
Occupied In-Rem Rehabilitation	\$81,633	\$36,716	\$47,184	\$36,989	\$176,090
Housing Incentives	\$25,864	\$11,437	\$10,486	\$15,925	\$53,690
Neighborhood Initiatives & Other Housing Support	\$69,665	\$14,815	\$22,598	\$7,924	\$111,157
Mayoral & Council Funding	\$779,232	\$337,046	\$276,051	\$363,483	\$2,051,681
TOTAL	\$1,414,744	\$671,092	\$552,102	\$721,700	\$4,103,362

Executive Capital Commitment Plan, 2010-2013

Since the Fiscal 2010 Capital Plan was adopted in June, 2009 HPD has revised its New Housing Marketplace Plan (NHMP). When it was originally implemented in 2003, NHMP's goal was the creation and preservation of 165,000 units of affordable housing. Since its launch NHMP has financed the preservation and development of approximately 100,000 units of affordable housing, which has been largely dependent on leveraging private financing. The original NHMP gave priority to the construction of new units rather than the preservation of units in order to take advantage of the booming real estate market that existed in the mid-2000's. Due to the faltering economy and its impact on the lending market, HPD has had to revise the timeline and projection of how many units can be created and preserved. In particular, it is now expected that the plan's goals will not be realized until 2014 rather than by 2013, as originally planned. In addition, the focus has shifted away from new construction as 64 percent of all the units in the NHMP are to be preserved while 36 percent will be new construction units. The ratio of homeownership to rental units has remained roughly the same, while the affordability levels have shifted more towards lower income units rather than moderate or middle income units. The table below illustrates the number of new construction and preservation units that will be affected by the revised NHMP. The revision of the NHMP is reflected in HPD's Fiscal 2011 capital plan where funding for new construction low-income rental programs has increased while funding for new construction multifamily homeownership and rental programs has decreased. Overall funding for key preservation programs has increased in order to reflect the new priorities of the NHMP. The following are the major changes in HPD's capital plan since the Adopted Fiscal 2010 budget.

Program	Actuals	Projection						Total Housing Plan
	FY04-FY09 Units	FY10	FY11	FY12	FY13	FY14	Total FY10-FY14 Projected Units	
New Construction	35,550	3,442	4,285	4,851	5,302	6,515	24,395	59,945
Preservation	58,366	12,651	12,155	7,288	7,483	7,315	46,892	105,258
TOTAL HOUSING PLAN	93,916	16,093	16,440	12,139	12,785	13,830	71,287	165,203

Source: Department of Housing Preservation and Development

New Construction

- Low-Income Rental Programs:** HPD funds various initiatives for the construction and rehabilitation of low-income rental projects such as the Low-Income Affordable Marketplace Program in which incomes must be less than 60 percent of the Area Median Income (AMI) or \$77,400 for a family of four. The Preliminary Fiscal 2011 Plan includes \$214 million in city and non-city funds between Fiscals 2010-2013 for these programs, an increase of \$5 million since Adoption. The Low-income rental programs are the only new construction programs to increase due to the ability of cross-subsidizing with other market rate units which in turn make projects funded through these programs more financially viable.
- Multifamily Moderate/Middle Income Rental Programs:** HPD funds initiatives to construct and rehabilitate rental housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The January Plan for Fiscals 2010-2013 is \$40 million less than the \$129 million allocated at adoption last year.

- **Multifamily Homeownership Programs:** HPD funds initiatives such as the Cornerstone Program to construct and rehabilitate housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The January Plan for fiscals 2010-2013 is \$18.5 million less than the \$72.2 million allocated at adoption for these programs.

Preservation

- **Article 8a Loan Program:** The Article 8A program provides rehabilitation loans to correct substandard or unsanitary conditions and to prolong the useful life of multiple dwellings in New York City. The January Plan is \$24.6 million greater than the \$76.7 million allocated for Fiscals 2010-2013 for these programs.
- **Participation Loan Program:** This program provides low-interest loans to private residential building owners for the moderate-to-gut rehabilitation of housing for low-to-moderate income households. City capital funds, loaned at below-market interest with a thirty year term, and/or Federal HOME Grant funds are combined with bank financing to produce a below market interest rate loan. Funds may also be used for refinancing or acquisition in conjunction with rehabilitation. A small percentage of the loan may be for payment of property tax arrears. The Fiscal January Plan includes an additional \$29.3 million for fiscals 2010-2013 over the \$52 million planned for these programs at adoption last year.
- **Third Party Transfer Program (TPT):** Under this program, HPD transfers tax-delinquent distressed properties to new private for-profit and not-for-profit owners rather than taking them into City ownership. HPD provides low-interest rehabilitation loans to the new owners by blending capital dollars with private financing. The January Plan for these programs is \$15.3 million less than the \$151 million in city and non-city funds allocated at adoption last year for Fiscals 2010-2013.
- **Alternative Management Programs:** HPD targets clusters of occupied and vacant City-owned buildings for renovation and disposition to community-based owners. Buildings are owned and managed by local entrepreneurs, neighborhood not-for-profit housing organizations, or qualified groups of tenants. This is a neighborhood redevelopment initiative designed to stimulate community economic renewal by utilizing the following HPD programs: Neighborhood Entrepreneurs Program, Neighborhood Redevelopment Program, 7A Financial Assistance Program, and the Tenant Interim Lease program. The Preliminary Plan is \$30.6 million less for Fiscals 2010-2013.

Special Needs Housing

- **Supportive Housing Program-New Construction & Rehabilitation:** This program provides funding for new construction and rehabilitation of supportive housing for homeless single adults, including people suffering from disabilities such as mental illness and AIDS, families with special needs and youth aging out of foster care. The January Plan includes a reduction of \$3.1 million from \$9.3 million to \$6.2 million in city and non-city funds between Fiscals 2010-2013 for these programs.
- **HUD Section 202 Program:** Under the Section 202 Supportive Housing Program for the Elderly, not-for-profit sponsors selected by HUD purchase land from the City or from private owners and construct residential buildings (or rehabilitate existing vacant buildings). The completed buildings provide rental housing for low-income elderly persons receiving operating subsidies from HUD through a project rental assistance contract. For several years HUD has been providing capital subsidies of

approximately \$130,000 per unit, however the actual cost per unit in New York City is roughly \$250,000. The funding gap has been filled in previous years with Council Reso A funds, however the Administration has made it a priority to enhance funding for the Section 202 program. Despite an overall enhancement to its baseline capital budget, the January Plan includes a reduction of \$9.9 million in city and non-city funds from the \$49 million adopted last year.

Other Projects & Initiatives

- **Hunters Point South in Long Island City:** The January Plan includes funding for a mixed-use, middle-income housing development in Long Island City, Queens. This project will consist of approximately 5,000 units of housing designed to be affordable to families earning from \$60,000 to \$145,000. The City purchased the rights to the land to build the project from the Port Authority for \$100 million. In addition, the City will fund the Port Authority's remaining obligations for infrastructure and related costs at the site. The January Plan includes \$89 million in Fiscals 2010-2013 for this project.
- **Low-Income Housing Tax Credit 15-Year Preservation Program:** The Federal Low-Income Housing Tax Credit (LIHTC) program provides funding for affordable housing units throughout New York City by offering investors a tax credit for ten years in return for providing equity to affordable housing developments. Thousands of affordable housing developments in New York City that were financed with LIHTC will reach the end of their 15-year compliance period within the next year. In order to preserve affordability and maintain these properties in good condition the January Plan includes an addition of \$12.2 million between Fiscals 2010-2013 for a total of \$63.7 million to fund the preservation of affordable housing developments that were financed through LIHTC.
- **The Housing Asset Renewal Program (HARP):** In April of 2008 City Council Speaker Christine Quinn established an affordable housing task force comprised of affordable housing advocates with the goal of creating a new middle income housing program. The taskforce produced a plan that would offer developers of unsold condominiums and cooperatives, the opportunity to sell their units at prices substantially reduced from their original anticipated sales prices. The program would offer subsidies that will make the new sales prices affordable to middle income New Yorkers with incomes ranging from 100% to 150% of median income. The Council and the Administration worked closely together to include \$20 million in Fiscals 2010-2013 for this initiative. The program is currently being implemented with the first awards to be made by the spring of 2010.
- **Distressed Multifamily Housing:** HPD has begun a serious effort to address the issue of overleveraged multifamily buildings that were purchased at inflated values and now carry an unsustainable level of debt. Specifically, HPD will provide \$750 million to responsible owners to purchase overleveraged properties. The sources of financing for these properties include \$500 million in HDC bonds, \$150 million from the New York City Acquisition Fund, and \$100 million in City capital funding utilizing existing HPD programs such as the Article 8A Loan Program and the Participation Loan Program. HPD will specifically target buildings that have severe physical and financial distress, buildings that were formerly part of publicly assisted stock, and rent stabilized buildings with financial risks.

Program Areas

Housing Operations-Section 8 Programs

HPD administers federal rental assistance to approximately 29,000 households in New York City. The bulk of the rental subsidies are Section 8 vouchers and project-based Section 8, although HPD also handles Shelter Plus Care funding and other rental subsidies targeted to homeless individuals and households. HPD generally targets its Section 8 assistance to very specific categories of New Yorkers, including homeless households; households that are residing in a building owned by the city which is in need of substantial renovation, in which case the voucher will be issued to allow the applicant to locate permanent, alternate housing; and households residing in buildings that have been developed with financial assistance from HPD or buildings for which HPD maintains regulatory responsibility. HPD also administers “enhanced vouchers,” which are given to tenants when building owners pre-pay federal loans to opt out of project-based subsidy programs, or opt not to renew project-based Section 8 contracts. The Rental Assistance program also includes some limited social service and asset accumulation initiatives for households receiving Section 8, in particular the Family Self Sufficiency Program.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$9,302	\$11,562	\$8,539	\$9,026	\$8,817	\$278
Other Salaried & Unsalariated	41	57	203	83	55	(148)
Additional Gross Pay	289	220	19	19	19	0
Overtime – Civilian	218	145.97	0	0	0	0
Subtotal, PS	\$9,852	\$11,986	\$8,762	\$9,129	\$8,892	\$130
Other Than Personal Services						
Supplies and Materials	\$257	\$372	\$0	\$321	\$0	\$0
Property and Equipment	459	156	0	101	0	0
Other Services and Charges	130	66	865	92	865	0
Contractual Services	1,777	1,982	706	1,316	-	(706)
Fixed and Misc. Charges	292,510	327,077	234,808	333,845	333,036	98,222
Subtotal, OTPS	\$295,133	\$329,654	\$236,379	\$335,674	\$333,901	\$97,522
TOTAL	\$304,985	\$341,640	\$245,141	\$344,803	\$342,793	97,652
Funding						
City Funds	N/A	N/A	\$1,040	\$1,219	\$334	(706)
Federal Funds	N/A	N/A	-	-	-	0
Lower Income Housing						
Assistance	N/A	N/A	24,573	24,573	24,573	0
Section 8 Administrative Fees	N/A	N/A	18,424	19,967	19,191	\$766
Section 8 Rent Subsidy	N/A	N/A	192,186	281,712	282,120	89,934
Shelter Plus Care	N/A	N/A	8,918	17,137	16,575	7,657
Other Categorical	N/A	N/A	0	195	0	0
TOTAL	N/A	N/A	\$245,141	\$344,803	\$342,793	\$97,652

Preliminary Plan Actions

In Fiscal 2010 HPD received \$281 million in Section 8 renewal funding from the Department of Housing and Urban Development (HUD), which was offset by a cut of \$10 million from accumulated reserves from previous fiscal years. By the end of 2009 HPD had insufficient funds to cover increased costs in the program and leases that were already in the pipeline and therefore had to use an additional \$11.5 million from its reserves to cover commitments. Record leasing rates in 2009 brought HPD to 99 percent capacity of its federal voucher allocation which caps the amount of funding that can be spent for families seeking assistance. In particular, HPD was subsidizing 28,817 families out of the 29,162 cap which exceeded HUD's recommended standard utilization rate of 95-98 percent. Consequently, HPD had very few new vouchers to issue in 2009. The agency was able to mitigate this loss in reserves by receiving an infusion of \$19 million for enhanced voucher conversions, and successfully applying for \$6 million in additional funding from HUD. These actions helped HPD avoid curtailing the issuance of new vouchers in the latter half of 2009, which was a decision its sister agency, the New York City Housing Authority (NYCHA) had to pursue. In 2010, HPD projects to receive full federal renewal funding of Section 8 and an additional 10,000 new vouchers for homeless families.

Funding for the Section 8 program area will remain relatively unchanged from previous fiscal years, despite an increase of \$97.6 million from the Fiscal 2010 Adopted budget. This increase reflects a technical realignment by the agency to increase the baseline funding for the Section 8 rent subsidy from \$192 million to approximately \$282 million in order to avoid mid-year budget modifications. The Fiscal 2011 funding amount for Section 8 will be \$282 million which is approximately the same figure as in recent fiscal years.

Housing Operations-Management & Disposition

HPD has the responsibility for managing, operating and disposing of city-owned dwelling units. In recent years, HPD has made it a priority to dispose these properties to the private market by initiating programs that target occupied and vacant city-owned buildings for rehabilitation and sale to community-based owners, such as local entrepreneurs, neighborhood nonprofit housing organizations, or qualified tenant groups. The programs that comprise the disposition programs include: the Neighborhood Entrepreneurs Program (NEP), the Neighborhood Redevelopment Program (NRP), the Tenant Interim Lease Apartment Purchase Program (TIL), the Tenant Interim Lease II Apartment Purchase Program, the Tenant Ownership Program, the Asset Sales Building Purchase Program, and the Neighborhood Homes Program. In addition, DAMP includes program staff for the 7A Program. The City provides funding for the rehabilitation of the buildings.

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Jan. Plan	Preliminary	2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$23,502	\$23,261	\$22,663	\$23,988	\$22,823	\$160
Other Salaried & Unsalariated	83	107	57	97	97	40
Additional Gross Pay	1,688	1,850	858	857	857	(0)
Overtime – Civilian	28	30	394	394	394	0
Amounts to be scheduled	0	0	1,372	178	139	(1,233)
Subtotal, PS	\$25,302	\$25,248	\$25,343	\$25,514	\$24,310	(1,033)
Other Than Personal Services						
Supplies and Materials	\$7,112.37	\$3,698	\$7,796	\$7,839	\$7,702	(\$95)
Property and Equipment	19	14	33	33	35	2
Other Services and Charges	4,631	4,980	6,860	5,822	6,117	(743)
Contractual Services	18,263	13,805	45,371	50,326	12,449	(32,923)
Fixed and Misc. Charges	0	4,178	0	0	0	0
Subtotal, OTPS	\$30,026	\$26,676	\$60,061	\$64,021	\$26,303	(\$33,758)
TOTAL	\$55,328	\$51,924	\$85,404	\$89,536	\$50,613	(\$34,791)
Funding						
City Funds	N/A	N/A	\$10,541	\$10,115	\$8,435	(\$2,105)
Federal Funds						
Community Development Block Grant	N/A	N/A	32,705	32,429	\$25,943	(6,763)
Home Investment Partnership	N/A	N/A	2,834	2,834	\$2,834	0
Section 8 Rent Subsidy	N/A	N/A	140	238	\$183	43
Other Categorical	N/A	N/A				0
Hudson Yards	N/A	N/A	26,965	30,765	\$0	(26,965)
Private Grants	N/A	N/A	0	841	\$901	901
Capital Funds- IFA	N/A	N/A	12,218	\$12,313	\$12,318	99
TOTAL	N/A	N/A	\$85,404	\$89,536	\$50,613	(\$34,791)

Preliminary Plan Actions

The Fiscal 2011 Preliminary budget for Management and Disposition is \$34.7 million less than the 2010 Adopted budget primarily due to a draw down of \$22.9 million of contractual funds for the demolition of residential buildings at the Hudson Yards redevelopment. In particular, \$22.9 million in Fiscal 2010 was

spent on the demolition of three residential buildings in order to make way for a four-acre park and boulevard as well as the entrance for the new No. 7 train terminal station. Another \$4 million was spent on relocation services to the displaced residents who lived in the three buildings. In addition, the agency will reduce funding for the Tenant Interim Lease (TIL) program by approximately \$4.2 million in order to realign program funding with the number of projected units and buildings that will be transferred from the City to tenant-based groups.

Property Management Reduction

The agency will reduce spending on the property maintenance of vacant lots resulting in a savings of \$221,000 in Fiscal 2011 and \$1.6 million by Fiscal 2014. According to HPD, the portfolio of in-rem properties has been declining to a point where the budget for property management can be reduced to reflect this new reality. The management and disposition staff has decreased by 23 positions from the Fiscal 2010 Adopted budget due to attrition and vacancy eliminations from prior fiscal years which will reduce the personal services budget by approximately \$1 million.

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total units sold	763	869	251	104	276
Percent of units sold to tenants	30%	33%	69%	99%	-
Percent of units sold to nonprofit organizations	21%	21%	6%	-	0%
Percent of units sold to community-based real estate professionals	49%	46%	25%	1%	-

According to the PMMR, the total number of units sold by the City to private entities continues to decline as HPD strives to dispose these properties to responsible owners when compared to the same time period in Fiscal 2009, (HPD sold 76% more City-owned units in Fiscal 2010). This increase in Fiscal 2010 is due to larger buildings with more units being sold in Fiscal 2010 compared to Fiscal 2009. The percent of units sold to tenants through the Tenant Interim Lease program has increased from Fiscal 2008, while the number of units sold to nonprofit and for-profit developers has declined. The Neighborhood Entrepreneurs Program (NRP) and the Neighborhood Redevelopment Program (NEP) served as the main pipeline for large City owned buildings that were transferred to nonprofit organizations and for-profit community-based organizations. Since Fiscal 2008, the inventory of these buildings has declined as there are fewer of them to be disposed and the economic recession has made it less financially feasible to rehabilitate them. In addition, HPD established the Tenant Interim Lease II program which is intended to accelerate the return of City-owned buildings to tenant ownership. Consequently, the overall percentage of units sold to tenants has increased while units sold to nonprofit and for-profit community-based organizations has decreased.

Housing Operations-Emergency Housing

The Emergency Housing Services Bureau provides emergency relocation services to tenants displaced as a result of fires or vacate orders issued by the Department of Buildings, Fire Department or HPD Code Enforcement. In addition, HPD operates the Article 7A program; in which administrators are appointed by the Court (pursuant to New York State Law) to operate privately owned buildings that have been abandoned by their owners, resulting in conditions that are dangerous to the tenants' life, health and safety. The administrators act under Court Order to collect rents and use the money to provide essential services to the tenants and make necessary repairs. Housing in the Article 7A program remains in private ownership, but the program is managed along with those targeting city-owned units.

	2008	2009	2010	2010	2011	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Jan. Plan	Preliminary	2010-2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$3,275	\$3,347	\$3,493	\$3,160	\$3,021	(\$471)
Other Salaried & Unsalaries	95	81	0	0	0	0
Additional Gross Pay	220	277	0	0	0	0
Overtime - Civilian	34	23	0	0	0	0
Amounts to be scheduled	0	0	0	0	0	0
Fringe Benefits	1	1	0	0	0	0
Subtotal, PS	\$3,624	\$3,729	\$3,493	\$3,160	\$3,021	(\$471)
Other Than Personal Services						
Supplies and Materials	\$261	\$0	\$261	\$261	\$261	\$0
Other Services and Charges	165	165	0	0	1,428	1,428
Contractual Services	12,689	12,891	14,831	14,785	12,493	(2,339)
Subtotal, OTPS	\$13,115	\$13,056	\$15,092	\$15,046	\$14,181	(\$911)
TOTAL	\$16,739	\$16,785	\$18,585	\$18,206	\$17,203	(1,382)
Funding						
City Funds	N/A	N/A	\$1,062	\$902	\$762	(\$300)
Federal Funds						
Community Development Block Grant	N/A	N/A	12,407	12,407	11,544	(864)
Emergency Relocation Welfare Tenants	N/A	N/A	980	980	980	0
Federal TANF Assistance	N/A	N/A	950	950	950	0
Section 8 Rent Subsidy	N/A	N/A	172	0	0	(172)
State Funds						
Emergency Relocation Welfare Tenants	N/A	N/A	893	893	893	0
Safety Net	N/A	N/A	600	600	600	0
State TANF Assistance	N/A	N/A	475	475	475	0
Other Categorical	N/A	N/A	1,000	1,000	1,000	0
Intra City	N/A	N/A	46	0	0	(46)
TOTAL	N/A	N/A	\$18,585	\$18,206	\$17,203	(\$1,382)

Article 7A Program Reduction

In the Fiscal 2011 Preliminary budget HPD will eliminate eight positions through attrition by restructuring the Article 7A Program resulting in a savings of \$581,110 in personal costs in Fiscal 2011. The 7A program appoints experienced housing organizations as administrators to operate privately owned buildings that have been abandoned by their owners, resulting in conditions that are dangerous to the tenants' life, health and safety. The agency has been more efficient at putting 7A buildings through the third party transfer process and other development programs as owners are not reclaiming their buildings thereby decreasing the pipeline of 7A projects. In addition, the agency will spend \$864,000 less in Community Development Block Grant (CDBG) funds for tenant relocation services to hotels and shelters.

Preservation-Code Enforcement

HPD is responsible for enforcing the New York City Housing Maintenance New York State Multiple Dwelling Law. In order to enforce this law, HPD sends inspectors to respond to buildings with maintenance deficiencies, and issue violations where appropriate.

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Jan. Plan	Preliminary	2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$22,101	\$23,744	\$26,006	\$25,402	\$25,649	(\$357)
Other Salaried & Unsalariated	488	500	529	444	444	(85)
Additional Gross Pay	1,370	1,952	396	396	396	0
Overtime - Civilian	190	293	198	198	198	0
Fringe Benefits	26	26	0	0	0	0
Subtotal, PS	\$24,176	\$26,514	\$27,128	\$26,439	\$26,685	(\$443)
Other Than Personal Services						
Supplies and Materials	\$596	\$894	\$1,040	\$1,054	\$1,181	\$142
Property and Equipment	291	27	37	37	16	(21)
Other Services and Charges	903	1,414	1,349	1,370	1,301	(48)
Contractual Services	2,837	8,264	11,923	11,928	5,638	(6,286)
Subtotal, OTPS	\$4,627	\$10,598	\$14,349	\$14,388	\$8,136	(\$6,213)
TOTAL	\$28,802	\$37,112	\$41,477	\$40,827	\$34,822	(\$6,655)
Funding						
City Funds	N/A	N/A	\$8,621	\$8,097	\$8,032	(\$588)
Federal-Community Development Block Grant	N/A	N/A	\$32,856	\$32,730	\$26,789	(\$6,067)
TOTAL	\$0	\$0	\$41,477	\$40,827	\$34,822	(\$6,655)

Alternative Enforcement Program

The Code Enforcement budget has decreased since the Fiscal 2010 Adopted Budget reflecting new projections of units that will be affected by the Alternate Enforcement Program (AEP). This program, established by the New York City Safe Housing Law, is intended to improve conditions in buildings with the most serious physical deterioration. The AEP ensures that emergency conditions are corrected and underlying physical conditions related to housing code violations are addressed either by the owner or through HPD's emergency repair program. The program calls for the designation each year of 200 different multiple dwellings, each to be chosen based on specific criteria set forth in the Safe Housing Law. HPD's budgetary projections are based on the anticipated size and physical condition of buildings coming into the program, which is funded primarily through federal Community Development Block Grant funds. The table below shows the number of buildings and units that have been addressed by the AEP program since Fiscal 2008.

Alternative Enforcement Program

Building Size (Units)	Fiscal 2008 Round 1 - Actual		Fiscal 2009 Round 2 - Actual		Fiscal 2010 Round 3 - Actual		Fiscal 2011 Projection Round 4	
	# Bldgs	# Units	# Bldgs	# Units	# Bldgs	# Units	# Bldgs	# Units
3-4	100	332	91	309	102	345	60	199
5-8	72	474	63	407	59	373	43	281
9-20	19	245	24	320	26	346	29	400
21+	9	311	22	732	13	412	68	2688
Total	200	1,362	200	1,768	200	1,476	200	3,568
Average Bldg Size (Units)	6.81		8.84		7.38		17.84	

Source: Department of Housing Preservation and Development

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total complaints reported	632,064	597,201	623,578	184,025	-
Total emergency complaints	412,483	396,260	419,271	114,084	-
Nonemergency complaints	219,581	200,941	204,307	69,941	-
Average time to close emergency complaints (days)	14.7	16.4	12.1	11	-
Average time to close nonemergency complaints (days)	34.7	39.9	30	17.5	-

Under HPD’s Code Enforcement Division, the total number of residents that had emergency complaints such as heat and hot water issues and other non-emergency complaints decreased by 6 percent in Fiscal 2009. This decrease is largely due to HPD implementing a more efficient technology system that allows for all open complaints of an apartment to be addressed during a single inspection visit rather than multiple visits thereby reducing nonemergency complaints. The new system has reduced response times to close nonemergency complaints to 17.5 days in Fiscal 2010 from 30 days in Fiscal 2009.

Preservation-Emergency Repair

In this program area if an emergency condition is verified by a code inspector, the owner and/or managing agent of the property will be notified of the emergency condition and instructed to repair it. If the owner fails to make the necessary repairs in a timely manner, HPD's Emergency Repair Program (ERP) may repair the condition. If ERP repairs the emergency condition, the City will bill the owner for the cost of repairs. If the owner fails to pay the bill within 60 days, a lien is placed on the property.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$6,066	\$7,087	\$7,806	\$7,912	\$7,967	\$161
Other Salaried & Unsalariated	540	579	439	442	443	3
Additional Gross Pay	431	531	337	337	337	0
Overtime - Civilian	148	129	0	0	0	0
Subtotal, PS	\$7,185	\$8,326	\$8,581	\$8,691	\$8,746	\$165
Other Than Personal Services						
Supplies and Materials	\$4,365	\$2,802	\$5,507	\$5,328	\$1,977	(\$3,530)
Property and Equipment	9	6	0	6	80	80
Other Services and Charges	3,666	4,371	5,337	5,003	1,843	(3,494)
Contractual Services	14,671	15,986	21,216	22,723	18,250	(2,966)
Subtotal, OTPS	\$22,712	\$23,164	\$32,060	\$33,060	\$22,150	(\$9,909)
TOTAL	\$29,897	\$31,491	\$40,641	\$41,751	\$30,896	(\$9,745)
Funding						
City Funds	N/A	N/A	\$36	\$36	\$36	\$0
Federal-Community Development Block Grant	N/A	N/A	21,143	20,339	30,860	9,717
Federal Stimulus	N/A	N/A	19,462	21,376	0	(19,462)
TOTAL	\$0	\$0	\$40,641	\$41,751	\$30,896	(\$9,745)

Preliminary Plan Actions

In Fiscal 2010 HPD received an additional \$19.4 million of federal stimulus funds for the Emergency Repair Program to correct immediately hazardous class "C" violations in privately owned buildings. The stimulus funding allowed HPD to free up CDBG funding in Fiscal 2010 and allocate it to different program areas such as Lead Paint, Anti-Abandonment, Management and Dispositions, and Other Agency Services within Preservation. Overall spending in this program area will decline in Fiscal 2011 due to the utilization of \$19.4 million of federal stimulus funding but will be partially offset by an increase of \$9.7 million in CDBG funding for emergency repair services.

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total emergency violations issued	91,173	88,997	104,370	29,350	-
Nonemergency violations issued	430,374	394,581	428,127	136,111	-
Total violations removed	675,171	721,629	706,478	202,674	-
Emergency violations corrected by owner (%)	47%	47%	45%	N/A	-
Emergency violations corrected by HPD (%)	16%	16%	13%	N/A	-
Average cost of repair work performed by HPD (%)	\$813	\$901	\$862	N/A	-
Judgments settlements corrected (\$000)	\$4,523	\$5,457	\$5,505	\$1,699	-

According to the PMMR, 26 percent fewer violations were removed compared to a year ago due to an HPD program that encourages eligible property owners to clear certain types of overdue violations from the agency's records. This action led to approximately 93,000 violations being removed between July and October of 2008. During the current reporting period for Fiscal 2010 the number of violations removed through this program fell to less than 4 percent of total removals as fewer properties qualified for participation.

Preservation-Lead Paint

HPD is responsible for identifying lead-based paint hazards, placing violations and remediating the condition when necessary. The two service areas within the lead-based paint program are inspections, and emergency repairs.

	2008	2009	2010	2010	2011	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Jan. Plan	Preliminary	2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$15,831	\$16,042	\$18,961	\$18,535	\$17,436	(\$1,525)
Other Salaried & Unsalariated	383	438	254	228	228	(26)
Additional Gross Pay	719	1,019	117	117	117	0
Overtime - Civilian	62	62	1	0	0	(1)
Fringe Benefits	13	12	0	0	0	0
Subtotal, PS	\$17,009	\$17,573	\$19,333	\$18,880	\$17,782	(\$1,552)
Other Than Personal Services						
Supplies and Materials	\$141	\$85	\$456	\$160	\$197	(\$259)
Other Services and Charges	131	55	126	155	306	180
Contractual Services	4,240	2,952	660	4,146	879	219
Property & Equipment	6	5	17	17	17	0
Fixed and Misc Charges	0	1	0	0	0	0
Subtotal, OTPS	\$4,518	\$3,098	\$1,259	\$4,479	\$1,400	\$140
TOTAL	\$21,527	\$20,670	\$20,593	\$23,360	\$19,181	(\$1,412)
Funding						
City Funds	N/A	N/A	\$1,272	\$899	\$899	(\$373)
Federal-Community Development Block Grant	N/A	N/A	18,407	18,328	17,408	(1,000)
Federal-Lead Based Paint Abatement	N/A	N/A	173	1,539	173	0
Federal-Lead Hazard Reduction Demonstration			222	2,076	222	0
Capital IFA	N/A	N/A	129	129	129	0
Intra City	N/A	N/A	389	389	350	(39)
TOTAL	N/A	N/A	\$20,592	\$23,359	\$19,180	(\$1,412)

Preliminary Plan Actions

The Fiscal 2011 preliminary budget for Lead Paint is \$1.4 million less than the Fiscal 2010 Adopted budget due to a reduction in personal services cost. This spending reduction reflects the elimination of 19 positions from the lead paint inspection unit which were funded primarily by the Federal Community Development Block grant. In addition, HPD plans to eliminate an additional 10 positions in the program area through attrition and vacancy eliminations from previous fiscal years which will be realized in Fiscal 2011.

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total lead paint complaints	46,033	43,021	40,114	12,606	-
Total lead paint violations issued	33,605	29,510	31,285	9,716	-
Average cost of lead paint repair work performed by HPD	\$6,122	\$5,380	\$6,657	\$7,501	-

Preservation-Anti-Abandonment

HPD's anti-abandonment initiatives are intended to address the City's at-risk housing stock. These initiatives include assessing the physical and financial needs of distressed properties, reaching out to building owners to encourage code and tax compliance, and providing education and support services for owners. One such initiative is the Neighborhood Preservation Consultants (NPC) program, in which nonprofit organizations contracted with HPD provide early intervention, preservation and anti-abandonment services throughout the five boroughs. The NPC's also assist HPD in identifying and assessing at-risk buildings.

	2008	2009	2010	2010	2011	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Jan. Plan	Preliminary	2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$5,696	\$6,097	\$6,377	\$6,282	\$4,733	(\$1,644)
Other Salaried & Unsalaries	4	0	0	0	0	0
Additional Gross Pay	377	392	0	0	0	0
Overtime - Civilian	15	7	0	0	0	0
Subtotal, PS	\$6,093	\$6,496	\$6,377	\$6,282	\$4,733	(\$1,644)
Other Than Personal Services						
Supplies and Materials	\$30	\$12	\$8	\$8	\$8	\$0
Other Services and Charges	53	186	51	51	0	(51)
Contractual Services	5,828	4,596	3,413	6,337	1,134	(2,279)
Subtotal, OTPS	\$5,910	\$4,794	\$3,472	\$6,395	\$1,142	(\$2,330)
TOTAL	\$12,003	\$11,289	\$9,849	\$12,677	\$5,875	(\$3,974)
Funding						
City Funds	N/A	N/A	\$2,844	\$5,767	\$514	(\$2,330)
Federal-Community Development Block Grant	N/A	N/A	3,805	3,710	5,361	1,556
Federal Stimulus	N/A	N/A	3,200	3,200	0	(3,200)
TOTAL	\$0	\$0	\$9,849	\$12,677	\$5,875	(\$3,974)

Preliminary Plan Actions

The Fiscal 2011 Preliminary budget for Anti-Abandonment is \$3.9 million less than the 2010 Adopted budget. This reduction is due to HPD spending nearly 20 percent of allowable expenses of Community Development Block Grant (CDBG) funds for planning and administration in the Neighborhood Preservation Offices. HPD utilized \$3.2 million in stimulus funds to pay for these expenses, enabling the agency to free up CDBG money to pay for the fringe cost of 56 employees.

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total assessed properties with treatment commenced	2,576	2,291	2,864	N/A	-
Properties assessed and determined to be at risk of abandonment	1,353	1,003	1,441	N/A	-
Percentage of at-risk properties with treatment commenced	58%	33%	31%	N/A	-
Properties with completed treatment outcomes	1,714	2,499	2,125	N/A	-

Preservation-Other Agency Services

This program area funds a variety of small agency initiatives aimed at preserving affordable housing. In addition, this program area includes funding for the following City Council projects: Anti-eviction Legal Services, Community Consultant Contracts, Neighborhood Preservation Consultant Contracts, Anti-Predatory Lending Contracts, the Mortgage Foreclosure Initiative, and the Housing Preservation Initiative.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$6,074	\$6,479	\$6,401	\$7,043	\$6,811	\$409
Other Salaried & Unsalariated	27	29	173	173	173	0
Additional Gross Pay	391	475	118	118	118	0
Overtime - Civilian	44	26	0	0	0	0
Amounts to be scheduled	0	0	586	116	125	(461)
Subtotal, PS	\$6,536	\$7,009	\$7,278	\$7,450	\$7,227	(\$51)
Other Than Personal Services						
Supplies and Materials	\$33	\$41	\$49	\$50	\$37	(12)
Other Services and Charges	439	402	1,546	2,481	307	(1,240)
Contractual Services	12,011	16,936	19,083	18,709	6,234	(12,849)
Property & Equipment	159	147	139	154	90	(49)
Subtotal, OTPS	\$12,642	\$17,526	\$20,818	\$21,394	\$6,668	(\$14,150)
TOTAL	\$19,178	\$24,535	\$28,096	\$28,844	\$13,895	(\$14,202)
Funding						
City Funds	N/A	N/A	\$9,733	\$11,425	\$3,002	(\$6,730)
Federal-Community Development Block Grant	N/A	N/A	14,615	13,671	10,528	(4,087)
Federal Stimulus	N/A	N/A	3,384	3,384	0	(3,384)
Capital IFA	N/A	N/A	365	365	365	0
TOTAL			\$28,096	\$28,844	\$13,895	(\$14,202)

Preliminary Plan Actions

Fiscal 2011 planned spending in this program \$14 million less than the Fiscal 2010 Adopted budget primarily due to the one-time infusion of federal stimulus funds along with cuts in City Council funded initiatives. In particular, \$3.3 million in federal stimulus funds were spent for contractual services for the Emergency Demolition Program in which HPD hires contractors to demolish buildings that are deemed unsafe pursuant to a Department of Buildings declaration of emergency. Additional reductions in the Fiscal 2011 Preliminary Budget are due to the elimination of funding secured by the City Council in the Fiscal 2010 Adopted Budget in the amount of \$7.1 million for: Anti-eviction Legal Services, Community Consultant Contracts, Anti-Predatory Lending Contracts, Mortgage Foreclosure Initiative, the Housing Preservation Initiative, and Council discretionary funds. Furthermore, the agency will reduce spending on supplies and other administrative functions in the amount of \$124,000 for the remainder of Fiscal 2010.

FY 2010 Council Funded Initiatives	
<i>Dollars in Thousands</i>	
Anti-Predatory Lending	\$360
City-Wide Taskforce on Housing Court	500
Community Consultant Contracts	830
Housing Preservation Initiative	1,500
Center for New York City Neighborhoods	500
Anti-Eviction Legal Services	2,250
TOTAL	\$3,690

Development

HPD works to identify privately owned sites suitable for housing development, facilitates the procurement of funds for property acquisition, collaborates with other agencies with land and buildings suitable for housing development and creates the appropriate programs and policies to facilitate housing development. New housing development is a major activity for HPD, but much of the spending for this program area takes place in the capital budget.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$12,147	\$12,100	\$13,455	\$13,980	\$13,458	\$3
Other Salaried & Unsalariated	2	4	5	5	5	0
Additional Gross Pay	404	510	75	75	75	0
Overtime - Civilian	22	22	0	0	0	0
Amounts to be scheduled	0	0	443	207	221	(222)
Subtotal, PS	\$12,575	\$12,637	\$13,978	\$14,268	\$13,759	(\$219)
Other Than Personal Services						
Other Services and Charges	0	0	17,619	14,483	0	(17,619)
Contractual Services	47,139	105,018	17,673	84,020	2,419	(15,253)
Subtotal, OTPS	\$47,139	\$105,018	\$35,292	\$98,503	\$2,419	(\$32,873)
TOTAL	\$59,713	\$117,654	\$49,270	\$112,771	\$16,178	(\$33,092)
Funding						
City Funds	N/A	N/A	\$9,688	\$6,640	\$6,605	(\$3,084)
Federal-Community Development Block Grant	N/A	N/A	2,040	2,066	1,758	(282)
Federal ARRA-Tax Credit Assistance	N/A	N/A	0	38,200	0	0
Federal-Emergency Shelter Grant	N/A	N/A	0	798	0	0
Federal-Neighborhood Stabilization Funds	N/A	N/A	23,737	25,638	0	(23,737)
Federal-HOME First Down-payment	N/A	N/A	0	4,000	0	0
Federal-Home Investment Partnership	N/A	N/A	4,062	10,667	4,062	0
Federal-Section 8 Rent Subsidy	N/A	N/A	835	835	835	0
Capital IFA	N/A	N/A	2,499	2,507	2,508	10
HQS Collaboration-NYCHA	N/A	N/A	0	100	0	0
NYC Housing Trust Fund- BPCA	N/A	N/A	6,410	21,320	410	(6,000)
TOTAL	N/A	N/A	\$49,270	\$112,771	\$16,178	(\$33,092)

Preliminary Plan Actions

The Fiscal 2011 Preliminary budget for Development is \$33 million less than then the Fiscal 2010 Adopted budget due to the availability of one-time federal stimulus funding and funds related to the administration of Battery Park City (BPC). Specifically, New York City received \$23.7 million from the US Department of Housing and Urban Development (HUD) for the Neighborhood Stabilization Program (NSP) which is intended to prevent further declines in neighborhoods most severely impacted by foreclosures.

The Fiscal 2011 preliminary budget includes an additional \$21.3 million in funds for the Mayor's New Housing Market Place Plan. These funds were not included as part of HPD's 2010 Adopted Budget. The \$21.3 million is a portion of the \$130 million commitment of BPC funds. The BPC funds are generated by

revenues from the Battery Park City Authority and are allocated to the New York City Housing Trust Fund. The fund in turn provides a flexible funding source for HPD programs such as the Mixed Income Rental Program and the funding of large-scale acquisition and renovation of loans or properties. This is the first tranche of money to be reflected in the budget other than \$410,000 for personnel. It is anticipated that approximately \$30 million of the BPC funds will be modified into the Fiscal 2011 budget.

Performance measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total starts financed under the New Housing Marketplace Plan (Units)	18,465	17,008	12,500	3,459	14,549
-New construction starts	5,225	6,826	4,123	243	4,875
-Preservation starts	12,970	9,953	8,108	3,137	9,424
Total completions financed or assisted under the New Housing Marketplace Plan (Units)	15,550	12,543	12,914	5,915	15,215
-New construction completions	4,815	5,077	4,557	1,711	8,624
-Preservation completions	10,735	7,466	8,357	4,204	6,591
-Units completed for homeowners	1,091	931	1,259	117	-
-Units completed for special needs population	936	512	1,040	483	761
-Units completed for homeless individuals & families	405	442	835	228	-

Under the New Housing Marketplace Plan (NHMP) construction starts for preservation and new construction units were twice as high in the 1st four months of Fiscal 2010 compared to the same time period in Fiscal 2009. The number of new construction starts is 49 percent lower while preservation starts have increased by 170 percent. This significant difference is due to one large project which accounted for 2,408 of the 3,137 total preservation starts for Fiscal 2010. Furthermore, given the detrimental impact the current economic recession has had on bank financing HPD has made a policy shift that prioritizes preservation over new construction.

Administration

The HPD Administration Program Area encompasses a wide range of activities, including the support services such as human resources and the budget office, funding pass-throughs for the New York City Housing Authority (NYCHA) and City Council initiatives, and administration of the Senior Citizen Rent Increase Exemption for households living in subsidized housing. There are six programs within the Administration Program Area: Fair Housing, NYCHA, Research and Policy, Housing Supervision, City Council Initiatives, and General Administration.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010–2011
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$26,454	\$26,029	\$22,361	\$24,386	\$23,707	\$1,346
Full-Time Salaried - Uniformed	2	0	0	0	0	0
Other Salaried & Unsalariated	296	454	515	515	516	0
Additional Gross Pay	1,011	1,108	402	402	402	0
Overtime - Civilian	151	140	167	167	167	0
Amounts to be scheduled	0	0	1,244	529	561	(683)
P.S Other	(45)	(36)	0	0	0	0
Subtotal, PS	\$27,870	\$27,695	\$24,688	\$25,998	\$25,352	\$664
Other Than Personal Services						
Supplies and Materials	\$1,368	\$1,300	\$1,573	\$1,284	\$1,360	(\$213)
Other Services and Charges	3,112	3,029	2,694	2,668	2,694	0
Contractual Services	1,765	2,495	1,636	1,787	1,595	(41)
Fixed and Misc. charges	58	64	76	93	76	0
Property & Equipment	912	368	442	393	442	0
Subtotal, OTPS	\$7,215	\$7,256	\$6,422	\$6,225	\$6,168	(\$254)
TOTAL	\$35,084	\$34,951	\$31,110	\$32,223	\$31,520	\$410
Funding						
City Funds	N/A	N/A	\$22,233	\$23,296	\$22,671	\$438
Federal-Community Development						
Block Grant	N/A	N/A	5,506	5,541	5,460	(46)
Federal-Home Investment Partnership	N/A	N/A	835	835	835	0
Federal-Section 8 Administrative Fees	N/A	N/A	929	345	0	(929)
Federal-Section 8 Rent Subsidy	N/A	N/A	209	794	1,139	929
Administrative Services/ Fees	N/A	N/A	57	57	57	0
Intra-City Rentals	N/A	N/A	1	1	1	0
Other Services/ Fees	N/A	N/A	5	5	5	0
Capital IFA	N/A	N/A	1,335	1,350	1,352	18
TOTAL	N/A	N/A	\$31,110	\$32,223	\$31,520	\$410

Preliminary Plan Actions

Resulting from the layoff of four positions from its Technology & Strategic Development Division, HPD's Preliminary Fiscal 2011 budget for this program is reduced by \$387,000 in Fiscal 2011 increasing to \$1.5 million by Fiscal 2014. These four positions consist of mainframe programmers which the agency no longer considers vital to its technology services. In addition, the agency will reduce spending on supplies and other administrative functions in the amount of \$200,000 in Fiscal 2011 and the out-years.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2009 Plan	\$74,644	\$507,988	\$582,632	\$58,226	\$420,917	\$479,143
Program to Eliminate the Gap (PEGs)						
OTPS Reduction	(\$324)	\$0	(\$324)	(\$200)	\$0	(\$200)
Property Management Reduction	(553)	0	(553)	(221)	0	(221)
Reduction of City Council Funds	(301)	0	(301)		0	0
Restructure 7a Program	0	0	0	(581)	0	(581)
Restructure 7a Program OTPS	0	0	0	(125)	0	(125)
Technology Staff Reductions	(171)	0	(171)	(387)	0	(387)
Total, PEGs	(\$1,349)	\$0	(\$1,349)	(\$1,514)	\$0	(\$1,514)
January Other Adjustments						
107-145 West 135th Street	\$0	\$5,940	\$5,940	\$0	\$0	\$0
Additional funds for SPC	0	464	464	0	464	464
Additional funds for SR0015	0	416	416	0	416	416
Additional funds for SR0028	0	84	84	0	84	84
Collective Bargaining	896	117	1,013	896	117	1,013
Funding adjustment	1,700		1,700	0		0
Fiscal 2011 January CD Water PEG		(626)	(626)	0	(1,502)	(1,502)
Fiscal 2011 January Plan TSD PS						
Reduction Fringe	34		34	71		71
Fiscal 2011 January CD	0	307	307	0	307	307
HPD Restructure	0	(46)	(46)	0	(46)	(46)
Hudson Yards	3,800	0	3,800	0	0	0
Restructure 7A Program Fringe	0	0	0	128	0	128
Scheduling of Funds	0	841	841	0	901	901
Allocate funds for Section 8	0	2,073	2,073	0	1,265	1,265
Allocate funds for TCAP	0	25,600	25,600	0		0
Allocate funds for SPC	0	2,539	2,539	0	2,539	2,539
Bring up stimulus funds	0	1,914	1,914	0		0
Increase Section 8 HCV HAPS	0	89,393	89,393	0	89,393	89,393
Schedule funds in FMS	0	178	178	0	0	0
Take down of CD funds	0	(1,914)	(1,914)	0	0	0
November Other Adjustments						
BPCA NOFA Roll FY07 & FY08	\$0	\$9,157	\$9,157	\$0	\$0	\$0
Bring up funds	0	22	22	0	0	0
Demolition work	0	254	254	0	0	0
Funding adjustment	35	0	35	0	0	0
Funds for Livonia Terrace	0	9,500	9,500	0	0	0
Funds for PostGrad Grand Concourse	0	3,100	3,100	0	0	0
Member items realignment	88	0	88	0	0	0
Homefirst Funding	0	4,000	4,000	0	0	0
Allocate funds for Section 8	0	3,828	3,828	0	3,828	3,828
To bring up funds	0	798	798	0	0	0
Bring up funds for BPCA	0	5,753	5,753	0	0	0
Bring up funds for Lenox PO	0	665	665	0	0	0
Bring up funds for NSP	0	1,901	1,901	0	0	0
Roll funds for NYCHA	0	250	250	0	0	0

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Schedule funds for NYCHA	0	100	100	0	0	0
To schedule funds for Demo 07	0	1,854	1,854	0	0	0
Schedule funds for LHC 07	0	1,366	1,366	0	0	0
Schedule funds for SPC	0	238	238	0	238	238
Schedule NYCHA HQS Funds	0	195	195	0	0	0
Total, Other Adjustments	\$6,553	\$170,261	\$176,814	\$1,094	\$ 98,004	\$99,098
Agency Budget as of January 2010 Plan	\$79,848	\$678,249	\$758,097	\$57,806	\$518,921	\$576,727

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Appendix B: Reconciliation of Program Areas to Units of Appropriation

Dollars in thousands

U/A	Personal Services					OTPS			TOTAL
	001	002	004	006	008	009	010	011	
Administration	\$22,439	\$304	\$2,608	\$220	\$5,724	\$327	\$0	\$116	\$31,519
Administration Program	385	5,372	0	1,483	2,731	675	0	4,366	13,751
Development	1,548	10,727	0	8,891	0	2,419	0	0	16,177
Housing Operations-Section 8 Programs	0	0	0	1,798	25,091	308,809	0	0	342,792
Housing Operations-Emergency Housing	0	0	1,223	24,110	105	0	0	14,181	17,202
Housing Operations-Mgmt & Disposition	0	0	200	0	0	0	26,197		50,613
Preservation-Anti Abandonment	0	0	4,733	0	0	1,080	0	61	5,875
Preservation-Code Enforcement	0	0	26,685	0	0	0	0	8,136	34,821
Preservation-Emergency Repair	1,404	0	7,342	0	0	0	0	22,150	30,896
Preservation-Lead Paint	929	268	16,346	237	0	0	1,279	120	19,181
Preservation-Other Agency Services	0	0	7,226	0	\$398	0	89	6,179	13,894
Grand Total	\$26,707	\$16,671	\$66,366	\$36,740	\$34,051	\$313,310	\$27,566	\$55,311	\$576,726